

REMARKS

Claims 1-4, 6-11, and 20-26 were previously considered in the Office Action. No claims are amended, added or cancelled herein. Consequently, claims 1-4, 6-11, and 20-26 remain pending for the Examiner's consideration. Rejection of these claims is respectfully traversed based on the arguments presented below. Furthermore, based on the arguments presented below, applicant respectfully requests reconsideration and allowance of all claims hereof. Applicant incorporates by reference herein all descriptions and arguments in regard to Shkedy and Shoham from prior responses and amendments in the present application.

Claims 1-2, 4, 6-7, 9, and 20-26 have been rejected under 35 U.S.C. § 103(a) as being unpatentable over Shkedy (USP 6,260,024) in view of Bi et al. (USP 6,311,178). Applicant respectfully traverses this rejection based on the failure of the cited combination of references to teach each element of the rejected claims.

The present invention fundamentally relates to a method to purchase and price an item, the item being referred to in the present application as a program in which there are multiple program terms. An example of a program is a financial loan, and examples of terms for that program are the long-term interest rate, introductory annual percentage rate, length of payment grace period, minimum monthly payment, etc. Furthermore, the present invention is concerned with the case in which there are multiple potential buyers for the program. As claimed, the invention involves the following steps:

- 1) Obtaining from each potential buyer a personal importance ranking of the program terms (see claim 1, lines 4-6; specification, page 9, lines 2-4);

- 2) From that list of ranked terms, assigning one such term to be a "Preferred Program Term" (see claim 1, lines 6-7; specification, page 9, lines 2-4);
- 3) Pooling together potential buyers based on their preferences for a Preferred Program Term (see claim 1, lines 8-9; specification, page 9, lines 4-5);
- 4) Receiving bids from merchants to provide the pooled potential buyers with the program (e.g., claim 1, lines 10-12; specification, page 11, line 30 through page 12, line 1); and finally
- 5) Comparing the bids and selecting a preferred bid which ultimately is provided to the potential buyers for their consideration (e.g., claim 1, lines 13-15; specification, page 12, lines 8-16).

According to one embodiment, buyers with a common preferred term form a buying pool. Sellers may then review the preferred term, terms that are not as important to the buyer pool, the number of buyers, and other facets of the buyer pool in order to competitively price their offering in the hope of beating other sellers. It is this pooling together of buyers by their preference that both provides buyers with an opportunity at the most competitive pricing for their preferred product and sellers with an opportunity to structure their products to competitively meet the interests of the buyers.

As explained further below, applicant respectfully asserts that neither Shkedy nor Bi et al. teach this pooling together of buyers based on their ranking of preference as between a number of terms associated with a product. Therefore, applicant further asserts, the combination of Shkedy and Bi et al. also fails to teach this element of the claimed invention.

The Office Action states that Shkedy teaches grouping customers into pools to whom a bid can be provided, but acknowledges that Shkedy does not explicitly disclose a preference ranking for more

than one Program Terms such that one of said Program Terms becomes a selected Preferred Program Term. Indeed, Shkedy teaches only that a user may specify an item, quantity of such an item, an outside shipping date, and an auction date ("pool date" as used in Shkedy) in order to be considered for entry into a buyer pool. There is no concept of preference in Shkedy. Rather, either the requested item is one in which a group of other potential buyers are interested or it is not. If it is an item of such interest, and only if it is, the buyer may specify a pool date, representing when he is willing to participate in a seller-bidding auction. (Shkedy, col. 5, lines 13-20.) A buyer is provided no other mechanism for selecting a term from among several terms associated with a product, to be a preferred term around which a pool is assembled. That is, Shkedy fails to teach not only a preference ranking for more than one program terms to designate a preferred program term, it fails also to teach grouping customers into a pool based on their common indication of a preferred program term.

The Office Action states that Bi et al. teaches ranking program terms by preference, and that therefore the combination of Shkedy and Bi et al. teach all limitations of claim 1. However, applicant respectfully disagrees with the characterization of the ranking attributed to Bi et al. in the Office Action.

Bi et al. discloses a system designed to better associate one user's offer to another's, such as a user's offer to sell goods associated with another's offer to buy goods. Historically, according to Bi et al., when a user entered an offer having multiple conditions into a trading system they either received too much information (much of which not matching the offer) or too little information. (Bi et al., col. 2, line 53 to col. 3, line 5). To address this problem, Bi et al. apparently categorizes the results for each condition in the offer according to six levels: "full match offer, subset match offer, partial match offer, superset match offer, and no match offer." (Bi et al., col 4, lines 17-20.) Although not entirely clear from the disclosure, the undersigned understands Bi et al. (col. 14, lines 49-55) to teach that a user is

permitted to apply weights to the various conditions of an offer to indicate a threshold for flexibility on each such condition – a higher weight means a more precise match is desired (i.e., less flexibility and hence an increased likelihood of no match), and a lower weight means more variation from the specified condition is acceptable (i.e., more flexibility and hence a likelihood of a greater number of possible matches). By providing weighted search results with these levels of importance (i.e., how well the search results fit the offer's various conditions), "the matching results are not only the exact match which %100 satisfies the user's criteria, but also includes the results of partial match of inclusive match." (Bi et al., col. 4, lines 27-29, sic.)

However, Bi et al. does not teach or suggest using the weights to identify a preferred term for the purpose of pooling potential buyers. The application of weights according to Bi et al. is for the apparent purpose of controlling the number of desired hits in a network search, as opposed to the identification of a characteristic by which a user may be identified and potentially grouped with other users having a like preferred term. Claims 1 and 20 of the present application, as well as the specification (for example at page 9, lines 2-5,) are clear that users identify a preferred term which is used as a criteria for pooling potential customers.

As neither Shkedy nor Bi et al. teach the limitation of acquiring a preference ranking of terms of a program to identify a preferred term which may be used to pool potential customers (e.g., claim 1, lines 5-7; claim 20, line 8), the combination of those two references must also fail to teach such a limitation. Furthermore, neither Shkedy nor Bi et al. teach the limitation of using a preferred term to actually pool potential customers. (Claim 1, lines 8-9; claim 20, lines 9-10.) "To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. In re Royka, 490 F.2d 981, 180 USPQ 580 (CCPA 1974)." M.P.E.P. § 2143.03. Accord. M.P.E.P. §

706.02(j)). However, applicant has demonstrated above that the limitations from claims 1 and 20 of (1) obtaining a preferred program term, and (2) grouping users into pools based on that preferred program term are not found in the cited references, alone nor in combination with one another. Therefore, no *prima facie* showing of obviousness has been made. On this basis, applicant respectfully traverses the rejections of claims 1 and 20 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. and respectfully requests reconsideration and allowance of claims 1 and 20.

Applicant also respectfully traverses the rejection of claim 2 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. Initially, claim 2 depends from and contains all of the limitations of claim 1. Accordingly, claim 2 must distinguish from the references for at least the reasons that claim 1 distinguishes therefrom. Furthermore, the Office Action asserts that characteristic pooling was “notoriously well known” at the time of the present invention. That is, the examiner seeks to take “official notice” of the fact that characteristic pooling was well known. However, as noted in In re Ahlert, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970), the notice of facts beyond the record which may be taken by the examiner must be “capable of such instant and unquestionable demonstration as to defy dispute”. As stated at MPEP 2144.03(A), “It would not be appropriate for the examiner to take official notice of facts without citing a prior art reference where the facts asserted to be well known are not capable of instant and unquestionable demonstration as being well-known.” (Emphasis original.) Applicant asserts that whether characteristic pooling was well known or not (as of the filing date) is not a matter of instant and unquestionable demonstration as being well-known. Accordingly, official notice is not appropriate in this case.

Furthermore, it is never appropriate to rely solely on “common knowledge” in the art without evidentiary support in the record, as the principal evidence upon which a rejection was based. In re

Zurko, 258 F.3d 1379, 1385, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001); In re Ahlert, 424 F.2d at 1092, 165 USPQ at 421. The primary differentiation between claim 2 and claim 1 is the limitation of characteristic pooling. Thus, with regard to claim 2 and characteristic pooling, the official notice is the principal evidence upon which a rejection was based, and is therefore not appropriate.

Finally, if applicant challenges a factual assertion as not properly officially noticed or not properly based upon common knowledge, the Examiner must support the finding with adequate evidence. MPEP 2144.03(C). See also 37 CFR 1.111(b). Applicant asserts that a method for “conducting an online auction where merchants can bid on pools of customers that share a common demographic or, more generally, a common characteristic (i.e., ‘Characteristic Pooling’)” (specification, page 9, lines 10-12) was not a matter of immediate common knowledge. Categories of goods of interest to a buyer (elements at the cited section of Shkedy, col. 13, lines 19-22) is not a characteristic of that buyer.

Accordingly, while claim 2 is patentably distinct from the combination of Shkedy and Bi et al. by its dependence on claim 1, claim 2 further distinguishes from that combination based on the failure to show the limitation of characteristic pooling. Accordingly, applicant asserts that claim 2 is not *prima facie* obvious in light the combination of Shkedy and Bi et al., and respectfully requests reconsideration and allowance of that claim.

Applicant also respectfully traverses the rejection of claim 4 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. Initially, claim 4 depends from and contains all of the limitations of claim 1. Accordingly, claim 4 must distinguish from the references for at least the reasons that claim 1 distinguishes therefrom. Furthermore, the Office Action asserts that the concept of ghost pools which merchants may bid on to provide an agreed upon number of customers with products is fundamentally

different from the pre-negotiated supply contracts which buyers can view and potentially join as taught by the cited section of Shkedy. In the case of ghost pools, the buyers are unaware of the merchant actions, while in the pre-negotiated supply contracts the buyers are expressly made aware of those actions. Therefore, the cited section of Shkedy fails to teach the limitation of grouping potential customers into ghost pools and merchants bidding on the ghost pools to obtain the right to provide a previously agreed upon number of customers with product. Therefore, no *prima facie* showing of obviousness of claim 4 has been made. On these bases, applicant respectfully traverses the rejection of claim 4 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. and respectfully requests reconsideration and allowance of that claim.

Applicant further respectfully traverses the rejection of claim 6 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. Initially, claim 6 depends from and contains all of the limitations of claim 1. Accordingly, claim 6 must distinguish from the references for at least the reasons that claim 1 distinguishes therefrom. Furthermore, the Office Action asserts that the dual pools of Characteristic Pool and Commitment Pool are shown at col. 16, lines 21-28 of Shkedy. Applicant respectfully asserts that the cited section of Shkedy teaches only that a particular seller may request to receive purchase orders representing a particular condition. The example given by Shkedy is that a printer supplier might request that all printer purchase orders for Hewlett Packard printers be sent to them. This is substantially different from grouping customers into two pools – a Characteristic Pool and a Commitment Pool. Thus, a key limitation of claim 6 is not found in either cited reference. Therefore, no *prima facie* showing of obviousness of claim 6 has been made. On these bases, applicant respectfully traverses the rejection of claim 6 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. and respectfully requests reconsideration and allowance of that claim.

Applicant also respectfully traverses the rejection of claim 7 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. Initially, claim 7 depends from and contains all of the limitations of claim 1. Accordingly, claim 7 must distinguish from the references for at least the reasons that claim 1 distinguishes therefrom. Furthermore, the Office Action again relies on “official notice” to show that the limitation of successive auction stages was well known at the time of the present invention. Applicant respectfully traverses, and asserts that the receiving and comparing steps themselves, as part of claim 1, were not known in light of the state of the art at the time the present invention was filed, and thus repeating those steps cannot have been known. As applicant challenges a factual assertion as not properly officially noticed or not properly based upon common knowledge, the Examiner must support the finding with adequate evidence. MPEP 2144.03(C). See also 37 CFR 1.111(b). Therefore, no *prima facie* showing of obviousness of claim 7 has been made. On these bases, applicant respectfully traverses the rejection of claim 7 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. and respectfully requests reconsideration and allowance of that claim.

Applicant also respectfully traverses the rejection of claim 9 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. Initially, claim 9 depends from and contains all of the limitations of claim 4 (and ultimately, claim 1). Accordingly, claim 9 must distinguish from the references for at least the reasons that claim 4 distinguishes therefrom, discussed above. Furthermore, the Office Action again relies on “official notice” to show that the limitation of customers signing up for ghost pools within a particular time frame was well known at the time of the present invention. Applicant respectfully traverses, and asserts that the ghost pooling step itself, discussed above as part of claim 4, was not known in light of the state of the art at the time the present invention was filed. As applicant challenges a factual assertion as not properly officially noticed or not properly based upon common

knowledge, the Examiner must support the finding with adequate evidence. MPEP 2144.03(C). See also 37 CFR 1.111(b). Therefore, no *prima facie* showing of obviousness of claim 9 has been made. Applicant accordingly respectfully traverses the rejection of claim 9 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. and respectfully requests reconsideration and allowance of that claim.

Applicant further respectfully traverses the rejections of claim 22 and 24 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. Claims 22 depends directly, and claim 24 depends indirectly from and contain all of the limitations of claim 20. Accordingly, claims 22 and 24 must distinguish from the references for at least the reasons that claim 20 distinguishes therefrom, discussed above. As no *prima facie* showing of obviousness of claim 22 and 24 have been made, applicant respectfully traverses the rejection of claims 22 and 24 and requests reconsideration and allowance of those claims.

Applicant still further respectfully traverses the rejection of claim 25 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. Initially, claim 25 depends indirectly from and contains all of the limitations of claim 20. Accordingly, claim 25 must distinguish from the references for at least the reasons that claim 20 distinguishes therefrom. Furthermore, the Office Action asserts that Shkedy teaches establishing a Term Ratio at column 15, lines 42-57. Applicant respectfully disagrees. First of all, the term Term Ratio as used in the present application refers to a ratio of "Bid Units" (page 14, lines 8-9), where a Bid Unit is the incremental subdivision of a Preferred Program Term into the minimum increment by which a bid may change (page 13, lines 25-27). The Term Ratio can be used to determine how a change in a bid based on a first preferred term will affect the value of a bid on a second preferred term in those cases where customers with different preferred program terms are pooled together (Term

Ratio falling under the embodiment described beginning at page 12, line 26). As stated in the specification, "Using the Term Ratio, the extent to which a change in the bid on [a] First Preferred Program Term will lower the bid on [a] Second Preferred Program Term can be determined" (page 14, line 9-11).

The cited section of Shkedy (col. 15, line 42-57) refers to two separate buyers interested in different quantities of the same product (as well as other products). According to Shkedy, offers from these two buyers may be combined into a single purchase order. Contrary to the statement in the Office Action, there is no mention of creating a ratio of any such purchases for any reason, let alone determining a Bid Unit associated with a first purchase with a Bid Unit associated with a second purchase. Accordingly, Shkedy is silent as to the concept of a Term Ratio as that term is defined and used in the present application. Similarly, there is no teaching or suggestion in Bi et al. of a Term Ratio. Therefore, as there is a material element in the rejected claim not found in the cited references, no *prima facie* showing of obviousness of claim 25 has been made and applicant respectfully traverses the rejection of claim 25 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. and requests reconsideration and allowance of that claim.

Applicant respectfully also traverses the rejection of claim 26 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. Initially, claim 26 depends from and contains all of the limitations of claim 25. Accordingly, claim 26 must distinguish from the references for at least the reasons that claim 25 distinguishes therefrom. And despite the assertion that substitution taught by Shkedy at col. 7, line 50, to column 8, line 5, suggests the limitations found in claim 26, the concept of a Term Ratio is not taught by the combination of Shkedy and Bi et al. (see above), and therefore the combination must fail to teach using the Term Ratio to adjust a bid value relative to a second grouping

criteria based on a bidder's bid relative to a first grouping criteria. Again, there is a material element in the rejected claim not found in the cited references, so no *prima facie* showing of obviousness of claim 26 has been made. Therefore, applicant respectfully traverses the rejection of claim 26 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. and respectfully requests reconsideration and allowance of that claim.

Claim 3 has been rejected under 35 U.S.C. 103(a) in view of the combination of Shkedy and Bi et al. and further in view of Shoham (USP 6,584,451). Applicant respectfully traverse this rejection. Claim 3 includes the limitation that customers may be grouped by their level of commitment to a purchase. The Office Action seeks to show that Shoham teaches this commitment pooling. The first section of Shoham cited in the Office Action, column 6, lines 48-60, teaches that in bid pooling, a buyer may be permitted to switch goods during the bidding process. The second section of Shoham cited in the Office Action, column 6, lines 17-27, teaches that it is undesirable to permit a customer to withdraw a bid, and that one solution is to simply preclude such withdrawals. The Office Action asserts that these sections together suggest grouping customers by their level of commitment. Applicant strongly disagrees. The cited sections of Shoham merely address variations in the bidding process. Rather than letting a buyer withdraw an offer and negatively affect the volume of purchasers, and hence negatively affect the purchase price, Shoham simply suggests making all offers firm. This says nothing of assigning a level of commitment to an offer, let alone pooling customers together by a common level of commitment.

The Office Action concedes that Shkedy fails to teach commitment pooling (and it is asserted that Bi et al. also fails to teach this limitation). Therefore, the combination of Shkedy, Bi et al., and Shoham cannot teach the limitation of commitment pooling. There is a material element in the rejected claim not found in the cited references, so no *prima facie* showing of obviousness of claim 3 has been

made. Therefore, applicant respectfully traverses the rejection of claim 3 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. and further in view of Shoham, and respectfully requests reconsideration and allowance of that claim.

Claim 8 has also been rejected under 35 U.S.C. 103(a) in view of the combination of Shkedy and Bi et al. and further in view of Shoham. Applicant traverses this rejection. First, claim 8 depends from and contains all of the limitations of the previously discussed claim 3, and therefore differ from that combination of references for at least the same reasons that claim 3 differs therefrom. Second, claim 8 adds the limitation that the level of commitment is determined by a prior affirmative commitment. As demonstrated above, Shoham does not teach separating potential customers by level of commitment. Accordingly, Shoham cannot teach separating potential customers by level of prior affirmative commitment, as claimed in claim 8. Therefore, as there is a material element in the rejected claim not found in the cited references, no *prima facie* showing of obviousness of claim 8 has been made. Applicant respectfully traverses the rejection of claim 8 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. and further in view of Shoham, and respectfully requests reconsideration and allowance of that claim.

Finally, claims 10 and 11 have been rejected in view of the combination of Shkedy and Bi et al. and further in view of Shoham. Applicant traverses this rejection. Claims 10 and 11 include the limitation of a Term Ratio. The concept of Term Ratio has been previously discussed, and applicant has demonstrated that the combination of Shkedy and Bi et al. fail to teach such a concept. Therefore, for the combination of Shkedy, Bi et al. and Shoham to render claims 10 and 11 unpatentable, Shoham must disclose the concept of Term Ratio. However, applicant asserts that Shoham fails to make any such disclosure. After review of the Shoham specification, the undersigned was unable to find a concept

equivalent to Term Ratio. Moreover, the burden is on the Examiner in the first instance to point to such a limitation so as to render obvious the claimed invention. Ex parte Levy, 17 U.S.P.Q.2d 1461 (BPAI 1990). The Office Action asserts that the schedules disclosed in Shoham could be equated to Term Ratio. They cannot. The schedules of Shoham simply accommodate variations in offers (e.g., a buyer may be permitted to submit the equivalent of a schedule: “buy product A unless product B is 40 dollars less. In that case, buy product B.” (Col. 6, lines 53-54.) A Term Ratio according to the present invention can be used to determine how a change in a bid based on a first preferred term will affect the value of a bid on a second preferred term in those cases where customers with different preferred program terms are pooled together (Term Ratio falling under the embodiment described beginning at page 12, line 26). As stated in the specification, “Using the Term Ratio, the extent to which a change in the bid on [a] First Preferred Program Term will lower the bid on [a] Second Preferred Program Term can be determined” (page 14, line 9-11). No similar concept of a value tradeoff ratio is disclosed in Shoham. Accordingly, Claims 10 and 11 include limitations not found in the cited combination of references. Thus, no *prima facie* showing of obviousness of claims 10 or 11 have been made. On these bases, applicant respectfully traverses the rejections of claims 10 and 11 under 35 U.S.C. 103(a) in light of the combination of Shkedy and Bi et al. and further in view of Shoham, and respectfully requests reconsideration and allowance of that claim.

CONCLUSION

In view of the foregoing, applicant believes that all claims pending in this application now meet statutory requirements and distinguish over the cited art, and are therefore in condition for allowance.

The issuance of a formal Notice of Allowance of this application at the earliest possible date is respectfully requested.

By action taken here, Applicant in no way intends to or causes any surrender of any subject matter or range of equivalents beyond that strictly required to patentably distinguish the claimed invention as a whole over the prior art. Applicant expressly reserves without dedication all such subject matter and equivalents that may fall in the range between Applicant's literal claim recitations and combinations taught or suggested by the prior art.

If the Examiner believes that a telephone conference would expedite prosecution of this application, please telephone the undersigned at 650-941-4470.

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